

The Nonprofit Overview

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What is a Nonprofit?

Definition- not making or conducted primarily to make a profit.

- Usually, a “nonprofit” refers to what the tax code classifies as a "charitable" or 501(c)(3) organization.
- What separates a charitable organization from other types of tax-exempt organizations?
 - Its **PURPOSE**
 - A ‘charitable’ organization must benefit the broad public interest, not just the interests of its members

The Overhead Myth

- The false conception that financial ratios are the sole indicator of nonprofit performance
- Funding Overhead vs. Programs; donors/funders must also invest in infrastructure in order to sustain good programs

Advocacy and ‘Nonprofit’ Organizations

- Nonprofits **CAN** and **SHOULD** engage in advocacy and public policy.
- Public Charities can also lobby under federal law.
 - **Advocacy** - public support for or recommendation of a particular cause or policy.
 - **Public Policy** - the principles, often unwritten, on which social laws are based.
 - **Lobbying** - seeking to influence (a politician or public official) on an issue
- Nonprofits **CAN NOT** and **SHOULD NOT** advocate for or against a specific political candidate in order to remain nonpartisan.

Board Service

A board member is a steward of the mission of the organization on behalf of the community.

- The 4 W’s of Board Service
 - **WHY** does the organization exist and why will/do you serve on its board?
 - **WHAT** is the job of a board member?
 - **WHO** serves on the board and who works to reinvigorate the board over time?
 - **HOW** does a board operate to achieve its mission?

Boardroom Basics:

Nonprofit Board Leadership Workshop 11/15/18



Alliance
OF **ARIZONA**
NONPROFITS



Sponsors



Nonprofit Overview

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www.ArizonaNonprofits.org



Housekeeping

- All registrants will receive an electronic copy of the slides and resource documents via email.
- Survey will be sent electronically please complete!

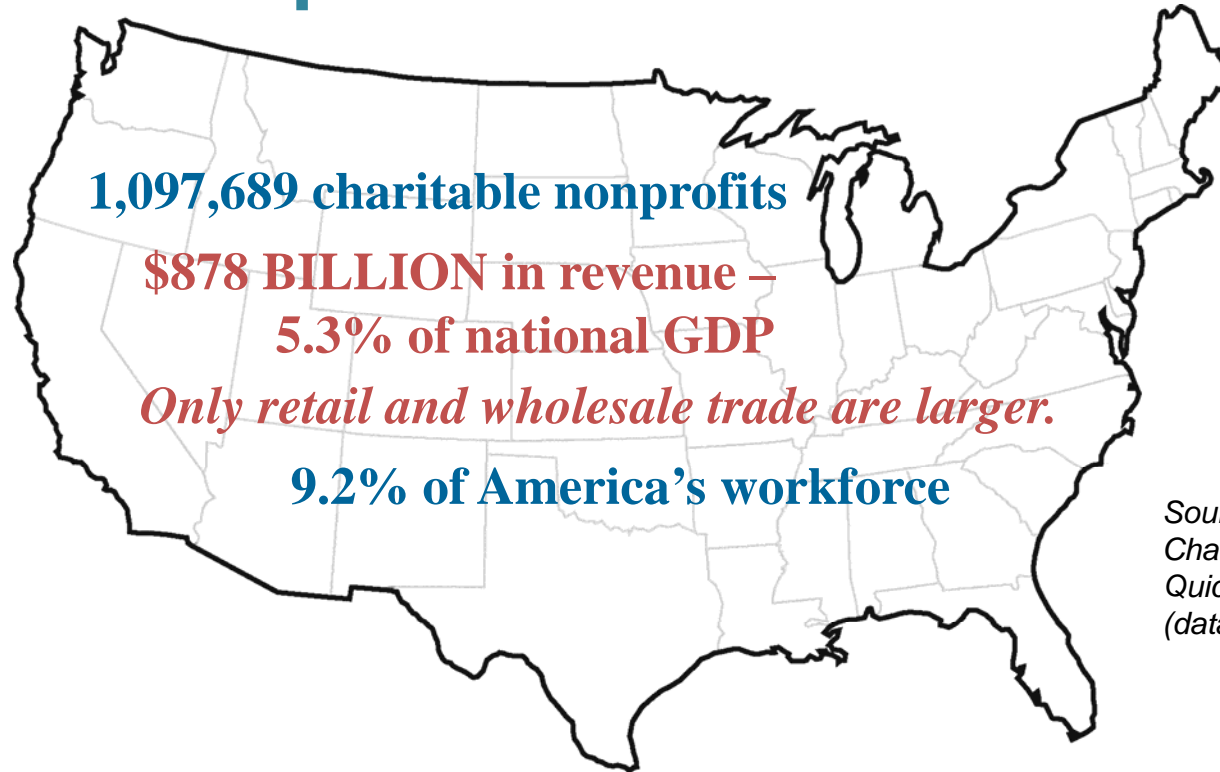
non-prof-it

nän'präfit/

adjective

not making or conducted primarily to make a profit

Economic Impact



Source - National Center For
Charitable Statistics (NCCS):
Quick Facts About Nonprofits
(data ranges from 2010-2016)

Arizona Impact



Key Findings*

- 1) Arizona's nonprofit sector generates more than 8% of the states Gross State Product.
- 2) Nonprofits are Arizona's 5th largest non-government employer.
- 3) More than 72% of nonprofit revenue is generated by earned revenue, fees for services, and government contracts – not from philanthropic contributions.

*2015 data, AZNONPROFITIMPACT.ORG

Funding Sources



Sources: The Nonprofit Sector in Brief, National Center for Charitable Statistics, 2014 (2012 data); Giving USA (2012 data)



Board Member Edition

Round 1:

Where does the majority of your funding come from?

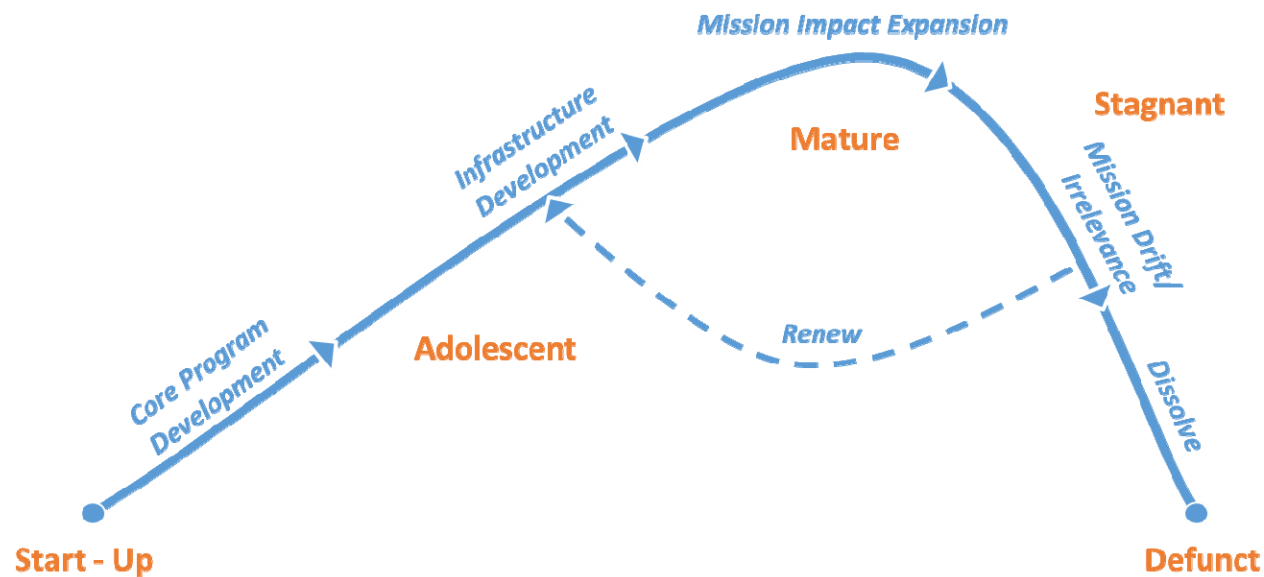
Sources by Sector

| | Earned | Government | Donated |
|----------------|--------|------------|---------|
| Human Services | 25% | 60% | 15% |
| Arts | 50% | 10% | 40% |
| Health | 54% | 45% | 1% |
| Education | 70% | 10% | 20% |
| International | 20% | 20% | 60% |

The Overhead Myth

- The false conception that financial ratios are the sole indicator of nonprofit performance
- 2013 open letter created to “Donors Of America” in a campaign to end the **Overhead Myth** created by GuideStar, Charity Navigator and BBB Wise Giving Alliance
- 2014 open letter created to “Nonprofits of America” to request assistance in communicating true costs/organization’s efforts to move towards an **Overhead Solution**
- Funding Overhead vs. Programs; donors/funders must also invest in infrastructure in order to sustain good programs

Understanding Lifecycles



This model is adapted from Susan K. Stevens' *Nonprofit Lifecycles: Staged-Based Wisdom for Nonprofit Capacity* (Stagewise Enterprises, 2002.)



Board Member Edition

Round 2:

What lifecycle stage is your organization in?

A board member is a...

Steward of the
mission of the organization
on behalf of the **community**.



Board Member Edition

Round 3:

What is your mission statement?

Bonus points if it even fits on your paper...

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So you want to be...so you are... a board member:

- Where is your **passion**?
- Do you want to **apply** your passion in a board leadership role?
- What **skills/assets** do you bring to the table?
- What do you **expect** from your involvement? How do you want to be **engaged**?
- How **long** are you willing to make a commitment?

Resources



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LOCAL RESOURCES:

Alliance of Arizona Nonprofits – ArizonaNonprofits.org

Association of Fundraising Professionals –

Greater Arizona (Central) – afpGreaterAz.afpnet.org

Southern Arizona – afpSoAz.org

Northern Arizona – afpNAz.afpnet.org

Organization for Nonprofit Executives (Metro Phoenix) – OneAz.org

ASU Lodestar Center for Philanthropy & Nonprofit Innovation – Lodestar.asu.edu

Arizona Community Foundation – AzFoundation.org

Community Foundation for Southern Arizona – cfsaz.org

Arizona Grantmakers Forum – ArizonaGrantmakersForum.org

ONLINE RESOURCES:

BoardSource – BoardSource.org

National Council of Nonprofits - Tools & Resources > Boards and Governance –

CouncilOfNonprofits.org (an automatic membership benefit for all Alliance members)

American Society of Association Executives – Resources > Governance – AsaeCenter.org

Association of Fundraising Professionals – afpnet.org

Society of Nonprofits – snpo.org (an automatic membership benefit for all Alliance members)

GuideStar – GuideStar.org

Blue Avocado – BlueAvocado.org

Charity Navigator – CharityNavigator.org

BBB Wise Giving Guide – Give.org

(cont'd...)



BOOKS: *(many of these authors also have great websites, blogs and social media followings)*

- *Nonprofit Lifecycles* – Susan Kenny Stevens, PhD
- *Outside The Box Fundraising* – Ted J. Kort
- *Governance as Leadership* – Chait, Ryan & Taylor
- *Boards That Make A Difference* – John Carver
- *The Practitioner’s Guide to Governance as Leadership* – Cathy Trower
- *Good To Great And The Social Sectors* – Jim Collins
- *Asking; Born To Raise; Fundraising Habits of Supremely Successful Boards; & More* – Jerold Panas
- *Guide to Nonprofit Leadership: Because Nonprofits Are Messy* – Joan Garry
- *Forces For Good* – Leslie R. Crutchfield
- *Nonprofit Board Answer Book: A Practical Guide for Board Members and Chief Executives* – BoardSource
- *The Handbook of Nonprofit Governance* – BoardSource
- *Big Gifts for Small Groups* – Andy Robinson
- *The Ultimate Board Member’s Handbook* – Kay Sprinkel Grace
- *The AAA Way to Fundraising Success: Maximum Involvement, Maximum Results* – Kay Sprinkel Grace
- *RelationShift* – Michael Bassoff & Steve Chandler

For a thorough list of relevant board governance books: *(source Midwest Center for Nonprofit Leadership at UMKC)*

bloch.umkc.edu/mwcnl/resources/documents/nonprofit-board-books.pdf

